

**STATE OFFICE *of* RISK MANAGEMENT**  
**WORKFORCE PLAN**  
**Fiscal Years 2009 – 2013**

**A. Overview of Agency Scope and Functions**

The State Office of Risk Management's goal is to administer the State's self-insured workers' compensation program for state employees in a manner that balances consideration for the rights and needs of the state worker with the protection of the legitimate interest of the State of Texas. This is a vigorous approach that involves assessing and addressing risks that either threaten the achievement of the State's strategic objectives or represent opportunities to exploit chances for competitive advantage

The Office is administratively attached to the Office of the Attorney General. The Supply and Demand Analysis in this report does not reflect the significant contribution in administrative support (payroll, benefits administration, etc.) made by the OAG.

**B. Mission Statement**

The State Office of Risk Management will provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the state's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

**C. Key Strategies**

**1. Strategy - Risk Management Program**

The Office establishes statewide risk management guidelines, works with agencies to develop programs that meet the guidelines, conducts on-site risk management program reviews; sponsors various lines of insurance coverage to assist client agencies in financing their identified risks. In that capacity, the Office serves as a full service insurance manager for participating agencies. The Office also administers issuance of Surety Bonds and Notary Public Bonds. provide safety evaluations, consultations, and training.

**2. Strategy - Pay Workers' Compensation**

The Office obtains and reviews all claims for workers' compensation in

accordance with state law and administrative regulations, determines eligibility for medical and indemnity benefits, and determines the injured employee's weekly wage and indemnity payment rate.

#### **D. Supply Analysis**

The State Office of Risk Management is authorized 122 full-time equivalent (FTE) positions. These positions are allocated as follows:

<b>Division/Section</b>	<b>Number of FTEs</b>	<b>Working Title</b>
Executive Management	1	Executive Director
	1	Executive Assistant
Administration Division	1	Director
	1	Program Manager
	1	Human Resource Specialist
	1	Office Manager
	2	Receptionists
	14	Document Processing Clerks
	4	Trainers
	1	Information Specialist
Claims Operations Division	1	Director
	1	Deputy Director
	1	Administrative Assistant
	5	Compliance Auditors
	5	Claims Supervisors
	29	Claims Adjusters
	1	Case Manager
	10	Medical Bill Auditors
Fund Accounting Division	1	Director
	1	Deputy Financial Officer
	2	Accountants
	1	Accounting Team Lead
	6	Accounting Clerks

General Counsel's Office	1	General Counsel
	1	Deputy General Counsel
	2	Attorneys
	4	Legal Assistants
	3	Proceedings Specialists
	2	Investigators
	1	Governmental Relations Specialist
Information Resources Division	.5	Director
	5	Programmers
	1	Network Administrator
	1	Desktop Support Technician
Risk Assessment and Loss Prevention Division	.5	Director
	6	Risk Specialists
	2	Insurance Specialists
	1	Administrative Assistant

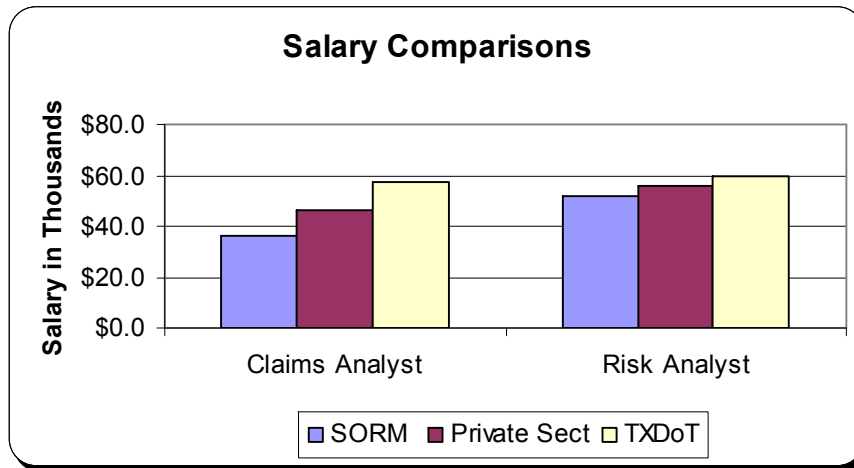
The mission, strategic focus, and goals remain the same for the Office, however, external factors such as legislative initiatives or mandates, workforce demographics, automation and technology, and catastrophic or unforeseen events (e.g., pandemics, coastal flooding, etc.) affect the direction of the organization.

This plan will focus on the Office's critical missions of administering workers' compensation and assisting state agencies with identifying and mitigating risk.

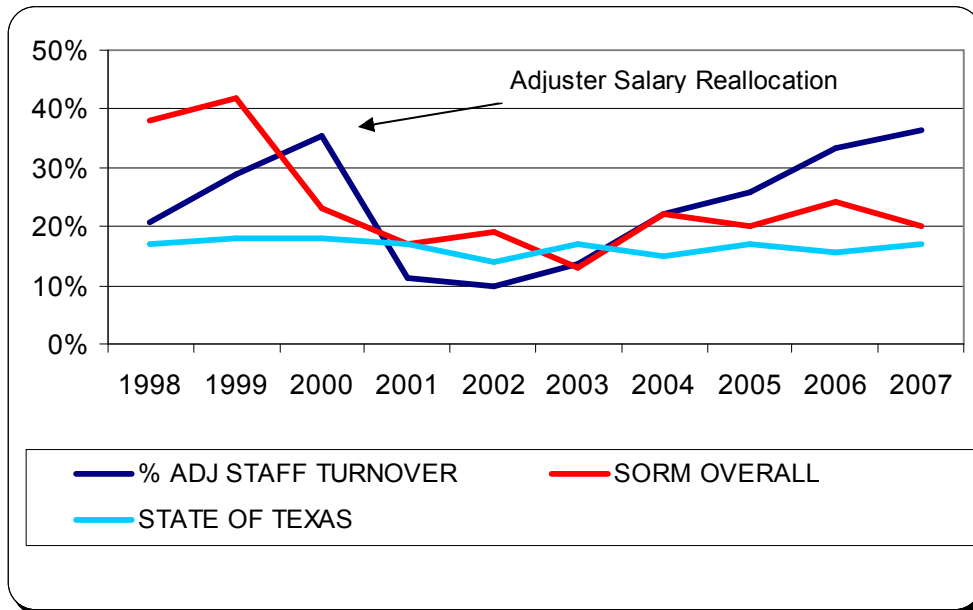
The Office currently employs a diverse staff that parallels that of the Central Texas workforce in ethnicity, education, and gender. A majority of the new hires are graduates of local colleges and university, a trend that the Office anticipates will not change significantly.

The Office continues to struggle with attracting and retaining experienced risk management and claims staff. Qualified applicants, as well as tenured agency staff, routinely migrate to the private sector where salaries are higher. In addition to the private sector, the Office competes with The University of Texas, Texas A&M University, and Texas Department of Transportation for risk managers and claims personnel. The Office has used its available resources to increase salaries but they remain below market due to budget constraints. The chart below

demonstrates the lack of parity in salaries among the entities<sup>1</sup>:



For the past several years the Office's overall turnover has exceeded that of the State, however, it is particularly high in the Claims Operations Division. FY2007 had a 51% turnover in claims adjusters. Based on the State Auditor's online exit survey and the Office's *2007 Survey on Organizational Excellence*, the overwhelming reason for leaving is "pay and benefits". Historically the Office has hired college degree entry level personnel and brought them up through the ranks. Although this is an effective tool in the short term (we create good "technicians") the Office is unable to hold onto them long enough for them to evolve into true risk and insurance professionals.



<sup>1</sup> 2007 Risk Management Compensation Survey, Risk and Insurance Management Society, Inc.

The Office is responsible for assisting client agencies in protecting \$11.8 billion in capital investments and approximately \$2.7 billion in fixed assets, and administering an annual workers' compensation fund of \$44 million dollars. To maximize effectiveness, more technology and more experienced staff will be needed. Unless the Office is able to address the salary situation, it is anticipated that the current turnover trend will not change.

#### **E. Demand Analysis**

It is anticipated that medical utilization of an aging workforce and associated costs, including pharmaceutical expenses, will continue to rise, impacting future State budgets. The Office believes these increases in medical charges submitted for payment must be monitored by highly trained RN case managers (as required by SB908) who will be able to manage complex medical cases.

Due to the nature of the workers' compensation environment, there is a necessity for skill sets related to medical, vocational, and return to work standards which require additional medical and vocational rehabilitation backgrounds. Future claims adjusting staff must also possess a stronger background in medical terminology, generally accepted medical procedures and practices, and the ability to oversee complex claims to ensure compliance by network contractors with contract terms.

Recent catastrophic events have emphasized the State's need for every agency to have a comprehensive Business Continuity Plan in place. SB908 mandates the Office retain a business continuity professional to assist and advise state agencies in developing this important strategy. In addition to Business Continuity, state agencies are encouraged to transfer risk through the purchase of insurance. With regards to fixed asset information on state agencies' property, there is currently more data than the Office is able to access and analyze.

The Office believes technology and automation is a critical part of meeting the demand for more efficiency, and will assist staff in the analysis of complex data. It is unlikely that the Office's mission will change, and new systems, and enhancements on current systems, will be essential in providing staff with the tools to investigate, analyze, and protect the State's assets, including its workforce.

Technology and automation such as voice over internet protocol, voice integrated response systems and telephone application programming interfaces, will change the way injured workers and client agencies communicate with the Office. It is anticipated that 24 hour online access to claim and insurance data will enhance customer service as well as make resources available to be reassigned to critical areas within the Office. These technological enhancements require the agency to employ additional programmers to design and maintain applications.

## **F. Gap Analysis**

The Office expects to see gaps in specialized job skills and expertise in the following areas:

- Automation and enhanced technology will require additional programming staff currently not available due to budget restrictions;
- Budget constraints have limited training for IT staff on critical software;
- Recent catastrophic events have emphasized the importance of employing additional staff for advising state agencies on insurance purchases;
- Due to budget constraints, the Office is unable to comply with SB908, 80<sup>th</sup> Legislative Session, requiring the Office to employ a business continuity specialist to assist state agencies;
- Due to budget constraints, the Office is unable to comply with SB908, 80<sup>th</sup> Legislative Session, requiring the Office to employ a Registered Nurse/Case Manager;
- Due to budget constraints, the Office is unable to comply with SB908, 80<sup>th</sup> Legislative Session, requiring the Office to monitor return to work outcomes of state agencies; and
- The implementation of the Office's Statewide Workers' Compensation Health Care Network necessitates contract oversight that will require staff have more in depth knowledge of medical and legal terminology.

## **G. Strategy Development**

The Office intends to approach shortfalls and gaps in the workforce with a combination of strategies. Because of fiscal restraints, the agency's first strategy in securing new skills will be to make positions and money available through attrition. As new skill sets for critical jobs are identified, redundant or obsolete positions will be replaced with a workforce possessing skills aimed at meeting projected needs. Some resources may be reallocated to divisions anticipating programmatic, operational, or workload changes.

As an agency with historically high turnover, succession planning will be used to prepare the Office for risks associated with planned or unplanned loss of knowledge that is critical to the successful operation of the Office. The Office plans to continue to select entry level staff using criteria set for mission critical positions, i.e., college degreed, technology savvy candidates. Through training on operational policies and procedures, the Office can maintain a steady supply of skilled claims administration personnel.

Succession planning for high-level leadership positions has proved more problematic. Lack of funding has limited the Office's ability to attract and retain talented professionals with supervisory background. The Office will identify key

positions where succession planning is appropriate and create a developmental plan for each. This plan will include goals that will be incorporated into performance planning and evaluations. Developmental opportunities will be accomplished through mentoring, and job specific training.

Where these two strategies are unrealistic or inappropriate, the Office will request additional funding from the legislature to develop recruitment and retention programs.

The Office believes a combination of these strategies will successfully prepare the agency for the upcoming challenges it faces.